

**PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
COMMISSION DIRECTIVE**

ADMINISTRATIVE MATTER

☐

DATE

June 10, 2009

MOTOR CARRIER MATTER

☐

DOCKET NO.

2008-460-WS

UTILITIES MATTER

☒

ORDER NO.

SUBJECT:

DOCKET NO. 2008-460-WS - Application of Avondale Mills, Incorporated for Approval of a New Schedule of Rates and Charges for Water and Sewerage Services Provided to Customers in Aiken County, South Carolina - A Hearing was Held on this Matter of June 2, 2009. This Matter is Ready for Final Disposition.

COMMISSION ACTION:

I have a motion relating to this docket, in which Avondale Mills requests a rate increase for the water and sewer services it currently provides to its customers in Aiken County, South Carolina. This Commission held a hearing in this case on June 2, 2009. Avondale Mills is currently losing approximately \$475,952 per year in the operation of its water and sewer system. Following the Office of Regulatory Staff's accounting and pro forma adjustments, the utility's operating margin for the test year in its application was a negative 429.69%. The last rate increase granted to the utility by this Commission occurred in 1980, some 29 years ago. While Avondale's textile mill was in operation, the Company was able to subsidize the provision of water and sewer services to its customers, but since the Company closed its Graniteville manufacturing facility in 2006, the utility, standing alone, is not financially viable absent a substantial increase in rates.

According to the calculations performed by the ORS following certain accounting and pro forma adjustments, the rate increase requested by the Company would yield an operating margin of 12.71%. While the proposed increase represents a substantial rate hike, the testimony and other evidence presented at the hearing indicated that the increase would be necessary to the continued financial viability of the system.

The evidence presented at the hearing also indicated that the system currently suffers from a substantial water loss problem, and that the Company is currently engaged in a water audit to attempt to locate and correct the sources of its water losses. Additionally, we heard testimony regarding the insufficiency of the performance bonds currently in place to ensure that the utility continues to provide safe and adequate water and sewer service.

In light of the foregoing, I move that we approve the proposed schedule of rates and charges, including the pass-through mechanism, and that we find the resulting operating margin of 12.71% just and reasonable. I further move that our order require the utility to complete its ongoing water audit and take all recommended measures to reduce water losses to an acceptable level. Finally, I move that we order Avondale Mills to file performance bonds in the amounts of \$265,000 for water operations and \$275,000 for sewer operations.

PRESIDING: FlemingSESSION: RegularTIME: 2:00 p.m.

	MOTION	YES	NO	OTHER
CLYBURN	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
FLEMING	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HAMILTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HOWARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
MITCHELL	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
WHITFIELD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
WRIGHT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

(SEAL)



RECORDED BY: J. Schmieding